Public Service Superannuation Board

Annual Report for 2014-2015

saskatchewan.ca

Government of Saskatchewan

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This annual report is available in electronic format at **www.peba.gov.sk.ca**

Letters of Transmittal

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Public Service Superannuation Board for the fiscal year ending March 31, 2015.

Kevin Doherty
Minister in Charge
Public Service Superannuation Board

The Honourable Kevin Doherty
Minister in Charge
Public Service Superannuation Board

Sir:

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2015.

Ann Macknill
Chair, The Government of Saskatchewan
Public Service Superannuation Board

Introduction

The primary purpose of the Public Service Superannuation Board (the Board) is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Public Service Superannuation Plan (PSSP) or (the Plan) also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Plan is a defined benefit pension plan, which provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of seven per cent, eight per cent or nine per cent, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8 per cent of their pensionable earnings between the Year's Basic Exemption and the Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

The Plan is governed by *The Public Service Superannuation Act*, (the Act) which came into being on May 1, 1927.

The Act also governs employees of the Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977.

Public Service Superannuation Board

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Public Service Superannuation Act*. At March 31, 2015, the Board was composed of three members (listed in Table 1.1).

Public Service Superannuation Board Members	
Ann Mackrill	Chair
Nathan Hagen	Member
Barry Nowoselsky	Member

Table 1.1

Members of the Board receive no compensation for the performance of their roles as Board members. They are reimbursed for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

Administration

The Board is ultimately responsible for the Plan's administration, communication and investment activities. To discharge these responsibilities, the Board uses the services of various organizations. The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. PEBA provides the following administrative services for the Public Service Superannuation Plan:

- Pension estimates on retirement, termination, death and breakdown of spousal relationships, as well as transfer values for members wishing to transfer into the PSSP from other pension plans;
- Annual member statements by the end of June each year;
- Calculation of termination, pension, and death benefits;
- Accounting for all investment transactions;
- Collection of any contributions; and
- Executive management services to the Board.

PEBA is responsible for ensuring that all transactions are made in accordance with *The Public Service Superannuation Act*, *The Superannuation (Supplementary Provisions) Act* and their related regulations.

Assets in the Saskatchewan Transportation Company Employees Superannuation Fund were fully depleted during the year. The board will no longer have any investment activities and therefore no longer retain an investment manager.

Mission

The Board's mission as the Plan's administrator is to manage the Plan solely in the best interests of the members.

Operational Goals and Objectives

The Board has adopted Operational Goals and Objectives for the administration of the Plan.

Annually, the results of the accomplishment of the objectives set for the Plan is reported to the Board.

The Board has identified three Operational Goals:

1. **Financial Management**

   The Board provides sound financial management of the Plan.

2. **Service Delivery and Communications**

   The Board provides excellent service to the members of the Public Service Superannuation Plan.

3. **Performance Measurement**

   The Board evaluates the performance of the Plan's service providers.

Operational Goals and Objectives

1. Financial Management

The Board provides sound financial management of the Plan.

The immediate focus of service delivery is on the remaining non-retired active members of the Plan until such time as all or substantially all of the active members are retired. The primary focus will then shift to service delivery for retired members.

Objectives

- The Board carries out an actuarial valuation of the Public Service Superannuation Plan at least every three years.
- The Board annually reviews and approves the operating budget for the Plan and monitors it quarterly.
- The Board ensured the assets of the Saskatchewan Transportation Company Employee Superannuation Fund were invested appropriately until the fund was fully depleted November 19, 2014.

Activities Accomplished in 2014-2015

- The Board reviewed the investment manager performance report at its meeting on June 25, 2014. As the Fund no longer has any assets, the Board no longer retains an investment manager.
- The Board received the actuarial extrapolations for the Public Service, Saskatchewan Transportation Company and Anti-Tuberculosis League Employees Superannuation Plans for the year ending March 31, 2014.
- The Board approved its 2014-2015 budget at its meeting on March 27, 2014.
- The Board received quarterly updates on its budget for the periods ending June 30, September 30, and December 31, 2014, and for the period ending March 31, 2015.

Operational Goals and Objectives

2. Service Delivery and Communications

The Board provides excellent service to the members of the Public Service Superannuation Plan.

Objectives

- The Board administers the Plan in compliance with *The Public Service Superannuation Act*, *The Superannuation (Supplementary Provisions) Act*, and the *Income Tax Act* (Canada).
- Plan members have access to the information they require to make decisions about their retirement.
- The Board tables an annual report for the Plan in accordance with *The Executive Government Administration Act*.

Activities Accomplished in 2014-2015

- The Board reviewed the audit of the Plan for the 2013-2014 year provided by the Provincial Auditor of Saskatchewan (PAS) on November 24, 2014. In its opinion, PAS stated, for the year ended March 31, 2014:
  - The Board's financial statements were reliable;
  - The Board had adequate rules and procedures to safeguard public resources; and
  - The Board complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing.
- The member booklet is available on the PEBA website.
- Retire*With*Ease retirement planning workshops were held throughout Saskatchewan in 2014-2015. These workshops are available to Plan members who wish to attend these sessions.
- The Plan's website is reviewed regularly and items are added or amended as required.
- Annual member statements were issued on May 22, 2015.
- The Board's 2013-2014 Annual Report was tabled in the Saskatchewan Legislature on July 17, 2014 prior to the deadline for tabling.

Operational Goals and Objectives

3. Performance Measurement

The Board evaluates the performance of the Plan's service providers.

Objectives

- The Board evaluates the performance of the Plan's actuary annually.
- Administration performance is reported to the Board on a quarterly basis.
- The Board reviews the performance of the Plan's investment manager two times a year, including compliance with the Plan's Statement of Investment Policies and Goals[1].

Activities Accomplished in 2014-2015

- The Board reviewed the performance of its actuary on June 25, 2014.
- The Board received quarterly reports on administration performance from the Public Employees Benefits Agency for the periods ending June 30, September 30, and December 31, 2014, and the period ending March 31, 2015.
- The Board reviewed the investment manager performance report at its meeting on June 25, 2014.

1. The assets in the Saskatchewan Transportation Company Employee Superannuation Fund were fully depleted November 19, 2014. The Board no longer retains an investment manager nor requires an investment policy.

Investments

Effective November 2014, the remaining assets of the Saskatchewan Transportation Company Employees Superannuation Fund were liquidated to provide retirement benefits to members. Remaining member benefits will be paid out of the General Revenue Fund.

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA.

PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. PEBA reports measurement against standards to the Board quarterly. *Table 1.3* provides measurement results for the 2014-2015 year.

PEBA provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2014-2015, the Board paid PEBA $1.1 million for administrative services.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan. For the most part the Plan is unfunded, although some monies are held in the Saskatchewan Transportation Company Employees Superannuation Fund.

PEBA Service Standards April 1, 2014 to March 31, 2015

Task	Completed	Number that Meet or Exceed Standard	% that Meet or Exceed Standard	Standard* (Days)
Statement on termination	0	0	n/a	60
Payments	23	5	21.7	14
Retirements	49	48	98	20
Deaths	256	233	91	10
Pension estimates	83	69	83.1	25
Spousal breakdown calculations	0	0	n/a	20
Reciprocal transfer values	0	0	n/a	30
Purchase of service	2	1	50	30
General inquiries	0	0	n/a	14
Total	413	356	86.2	-

** Standard is set by agreement between the Board and PEBA.*

Table 1.3

Plan Expenditures and Statistics

Benefit Payments

Benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35 years. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

In the year ended March 31, 2015, PSSP paid a total of $132.1 million in benefits to pensioners, including retired employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

Contributions to the Plan

In accordance with the contribution schedules, employee contributions to the Plan during the year totaled $142,000. This compares to $208,000 as of the previous fiscal year end. In addition, employer contributions were made to the Plan during the year, totaling $4,000, a decrease from $52,000 the previous year.

Table 1.4 shows the number of active and retired employees in the Plan as of the current and prior year-ends.

Active and Retired Employees

	March 31, 2015			March 31, 2014		
	PSSP	Anti-TB	STC	PSSP	Anti-TB	STC
Active Employees	159	0	1	206	0	2
Inactive Employees	14	0	0	23	0	0
Retired Employees*	5404	39	105	5,520	40	109
	5577	**39**	**106**	**5,749**	**40**	**111**

* Includes superannuates, plus their dependants now in receipt of a survivor pension

Table 1.4

These tables are summaries that show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

Death Benefit Summary

	March 31, 2015	March 31, 2014
Superannuate Survivor Pension	54	79
Superannuate Cash Benefit	0	0
Totals	**54**	**79**

Table 1.5

Termination of Employment Summary

	March 31, 2015	March 31, 2014
Cancel Deferred *	8	46
Termination of Membership	0	0
Reciprocal Transfers	0	0
Totals	**8**	**46**

Table 1.6

* Clean up project of deferred members not eligible for retirement; paid out contributions and interest.

Plan Expenditures and Statistics

Table 1.7 summarizes all employees who retired during the year, including employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

The table is divided by category of retirement and includes employees who terminated and elected retirement at a future date, as well as those who died during the year.

Employee Retirement Summary		
	March 31, 2015	**March 31, 2014**
Attained Age 65	1	1
Attained Age 60 - with reduction	0	0
Attained Age 60 - no reduction	0	1
Attained 35 years of Service	43	79
Age 55 and 30 years service - reduced pension	0	0
Ill Health Pension	0	0
Granted Deferred Allowance	0	0
Deferred Allowance now Payable	6	5
Early Retirement Allowance	0	0
Deceased Employees	1	1
Totals	**51**	**87**

Table 1.7

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration and administration of the Funds and fund assets.

The financial statements which follow have been prepared by management in conformity with Canadian accounting standards for pension plans as outlined in the CPA Canada Handbook Section 4600, Pension Plans. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The pension obligations are determined by an actuarial valuation. Actuarial valuation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by the Provincial Auditor whose report follows.

Regina, Saskatchewan
June 19, 2015

Ann Mackrill
Chair, The Government of Saskatchewan
Public Service Superannuation Board

Actuarial Opinion

With respect to the Public Service Superannuation Plan, I have prepared an actuarial valuation as at December 31, 2014 with the results subsequently extrapolated to March 31, 2015, for the purpose of determining the necessary actuarial information for financial statement reporting purposes in accordance with PS 3250 and Section 4600 of the CPA Canada Handbook.

In my opinion, for the purpose of this actuarial valuation and extrapolation:

- the membership data on which this valuation is based are sufficient and reliable;
- the assumptions are appropriate; and
- the calculations have been made in accordance with my understanding of the requirements of PS 3250 and Section 4600 of the Chartered Professional Accountants Canada Handbook.

This report has been prepared and this actuarial opinion has been given in accordance with accepted actuarial practice.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in subsequent valuations.

David R. Larsen, FSA, FCIA
Aon Hewitt

April 24, 2015

Public Service Superannuation Board

Public Service Superannuation Plan

Financial Statements

Year Ended March 31, 2015

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Public Service Superannuation Plan, which comprise the Statement of Financial Position as at March 31, 2015 and the Statements of Changes in Net Assets Available for Benefits and Changes in Pension Obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Superannuation Plan as at March 31, 2015 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Regina, Saskatchewan
June 19, 2015

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Public Service Superannuation Plan
Statement of Financial Position

Statement 1

As At March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS								
INVESTMENTS: (Note 4)								
Pooled funds	$ -	$ -	$ -	$ 1,223	$ -	$ -	$ -	$ 1,223
RECEIVABLES:								
Due from General Revenue Fund (Note 6)	-	-	6	8	-	-	6	8
Deficiency contribution due from GRF (Note 7)	10	14	4	-	16	214	30	228
Employees' contributions	-	-	-	-	9	4	9	4
Employers' contributions	-	-	-	-	-	1	-	1
Total assets	10	14	10	1,231	25	219	45	1,464
LIABILITIES								
Accounts payable and accrued liabilities	10	14	10	10	25	219	45	243
Total liabilities	10	14	10	10	25	219	45	243
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	-	-	-	1,221	-	-	-	1,221
Pension obligations (Statement 3, Note 5)	2,604	2,250	27,926	24,344	2,234,535	1,963,353	2,265,065	1,989,947
Deficit	$2,604	$2,250	$27,926	$23,123	$2,234,535	$1,963,353	$2,265,065	$1,988,726

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2015	2014	2015	2014	2015	2014	2015	2014
INCREASE IN ASSETS:								
Investment income	$ -	$ -	$ 5	$ 25	$ -	$ -	$ 5	$ 25
Increase in market value (Note 4)	-	-	-	-	-	-	-	-
	-	-	5	25	-	-	5	25
Contributions								
Employees' (Note 13)	-	-	1	2	141	206	142	208
Employers' (Note 13)	-	-	1	2	3	50	4	52
	-	-	2	4	144	256	146	260
Deficiency contribution from General Revenue Fund (Note 7)	380	389	739	-	129,691	130,791	130,810	131,180
Total increase in assets	380	389	746	29	129,835	131,047	130,961	131,465
DECREASE IN ASSETS:								
Administration expense (Note 8)	30	20	35	46	-	-	65	66
Superannuation allowances	350	359	1,932	2,017	129,459	130,845	131,741	133,221
Refunds and transfers (Note 13)	-	10	-	2	376	202	376	214
Total decrease in assets	380	389	1,967	2,065	129,835	131,047	132,182	133,501
Net decrease in assets	-	-	(1,221)	(2,036)	-	-	(1,221)	(2,036)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	-	-	1,221	3,257	-	-	1,221	3,257
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR (Statement 1)	$ -	$ -	$ -	$1,221	$ -	$ -	$ -	$ 1,221

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Pension Obligations

Statement 3

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2015	2014	2015	2014	2015	2014	2015	2014
PENSION OBLIGATIONS, BEGINNING OF YEAR	$2,250	$2,639	$24,344	$26,646	$1,963,353	$2,155,898	$1,989,947	$2,185,183
INCREASE IN PENSION OBLIGATIONS								
Change in assumptions (Note 5)	175	-	4,235	-	346,263	-	350,673	-
Net experience loss (Note 5)	465	-	-	-	-	-	465	-
Interest on pension obligations	64	66	1,286	1,411	66,447	62,743	67,797	64,220
Pension obligations accrued	-	-	9	14	846	1,374	855	1,388
	704	66	5,530	1,425	413,556	64,117	419,790	65,608
DECREASE IN PENSION OBLIGATIONS								
Pension obligations paid	350	369	1,932	2,019	129,835	131,047	132,117	133,435
Change in assumptions (Note 5)	-	64	-	1,509	-	112,063	-	113,636
Net experience gain (Note 5)	-	22	16	199	12,539	13,552	12,555	13,773
	350	455	1,948	3,727	142,374	256,662	144,672	260,844
PENSION OBLIGATIONS, END OF YEAR (Statement 1, Note 5)	$2,604	$2,250	$27,926	$24,344	$2,234,535	$1,963,353	$2,265,065	$1,989,947

(See accompanying notes to the financial statements)

1. Description of the Plan

a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (the STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions of employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Funding Policy

Members contribute at the rate of 7 per cent, 8 per cent or 9 per cent of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) Pensions

Annual pensions are calculated as 2 per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. Members' pensions are reduced due to a bridge benefit granted from retirement to age 65. Pensions are indexed each April 1 based upon 70 per cent of the year-over-year increase in the Consumer Price Index.

e) **Income Tax**

The Plan is a registered pension plan as defined by the *Income Tax Act* (Canada) and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Basis of Preparation

a) **Statement of Compliance**

The financial statements for the year ended March 31, 2015 have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CPA Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

These financial statements were authorized and issued by the Board on June 19, 2015.

b) **Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments which have been valued at fair value.

c) **Functional and Presentation Currency**

These financial statements are presented in Canadian dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise stated.

3. Significant Accounting Policies

The significant accounting policies are as follows:

a) **Basis of Accounting**

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

b) **Investments**

There are no longer investments at March 31, 2015. Previously, pooled fund investments were valued at the unit value supplied by the pooled-fund administrator, which represented the underlying net assets of the pooled fund at fair values, determined using closing bid prices.

The change in the market value of investments during the year was reflected on the financial statements as a market-value adjustment.

c) **Investment Transactions and Income**

Previously, investment transactions were recorded on the trade date. Transactions conducted in foreign currencies were translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income was recognized on the record date. Monetary items denominated in foreign currency were translated at the exchange rate in effect at year-end.

d] Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation process is related to the actuarial determination of the pension obligation (Note 5).

f) Future Accounting Changes

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2015, and have not been applied in preparing these financial statements. In particular, IFRS 9, Financial Instruments, for which the effective date of adoption is January 1, 2018. The extent of the impact of adoption of this standard is not known at this time, but is not expected to be material.

4. Investments

The Saskatchewan Transportation Company Employees Superannuation Fund wound-up their investments during the year and does not hold investments as at March 31, 2015. In the prior year, the Fund had held investments in the Greystone Money Market Fund with a market value of $1,223 thousand. The total investment income and change in market value for the year is $5 thousand (2014 - $25 thousand).

Fair Value

In prior year, the Saskatchewan Transportation Company Employees Superannuation Fund had classified its required fair valued financial instrument holdings using a hierarchy that reflected the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly were classified as Level 2. Instruments valued using inputs that were not based on observable market data were classified as Level 3.

The Plan previously only held financial instruments that were classified as level 2.

5. Pension Obligations

Public Service Superannuation Fund:

An actuarial valuation of the Public Service Superannuation Fund (the Fund) was performed as at December 31, 2014, and extrapolated to March 31, 2015 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension liability is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 3.50 per cent to 2.40 per cent, resulting in an increase in accrued pension obligation. In addition, the mortality assumption was changed from UP94 table projected

generationally with a scale AA to CPM2014 private sector table projected generationally with scale CPM-B. For males, 95 per cent of the base rates have been used, while 110 per cent of the female base rates have been used.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2015	2014
Salary escalation rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rate	2.40%	3.50%
Mortality table	CPM2014 Private, adjusted with generational projection	1994 UPM with generational projection
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.5 per cent and discount rate of 2.4 per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.5%	1.5%	3.4%	1.4%
(Decrease) increase in obligation	(3.8%)	4.0%	(10.9%)	13.2%

* A change in the inflation rate has a corresponding change in the other economic assumptions of 1.0 per cent.

The net loss due to the change in assumptions is due to the change in the discount rate from 3.5 per cent to 2.4 per cent and the change in the mortality assumption. The net experience gain is due to indexing at April 1, 2015 being less than expected and other plan experience.

Anti-Tuberculosis League Employees Superannuation Fund:

An actuarial valuation of the Anti-Tuberculosis League Employees Superannuation Plan was performed as at December 31, 2014, and extrapolated to March 31, 2015 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension liability is based on a number of assumptions about future events including: discount rate, mortality rates, and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 3.10 per cent to 2.00 per cent, resulting in an increase in accrued pension obligation. In addition, the mortality assumption was changed from UP94 table projected generationally with a scale AA to CPM2014 private sector table projected generationally with scale CPM-B. For males, 95 per cent of the base rates have been used, while 110 per cent of the female base rates have been used.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2015	2014
Inflation rate	2.50%	2.50%
Discount rate	2.00%	3.10%
Mortality table	CPM2014 Private, adjusted with generational projection	1994 UPM with generational projection
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.5 per cent and discount rate of 2.0 per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.5%	1.5%	3.0%	1.0%
(Decrease) /increase in obligation	(2.7%)	2.8%	(6.3%)	7.2%

* A change in the inflation rate has a corresponding change in the other economic assumptions of 1.0 per cent.

The net loss due to the change in assumptions is due to the change in the discount rate from 3.1 per cent to 2.0 per cent and the change in the mortality assumption. The net experience loss is primarily due to actual pensioner mortality being less than expected since December 31, 2011.

Saskatchewan Transportation Company Employees Superannuation Fund:

An actuarial valuation of the Saskatchewan Transportation Company Employees Superannuation Plan was performed as at December 31, 2014, and extrapolated to March 31, 2015 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension liability is based on a number of assumptions about future events including: discount rate, mortality rates, and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 3.4 per cent to 2.3 per cent, resulting in an increase in accrued pension obligation. In addition, the mortality assumption was changed from UP94 table projected generationally with a scale AA to CPM2014 private sector table projected generationally with scale CPM-B. For males, 95 per cent of the base rates have been used, while 110 per cent of the female base rates have been used.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2015	2014
Salary Escalation Rate	N/A	3.50%
Inflation Rate	2.50%	2.50%
Discount Rate	2.30%	5.50% for 1 year, 3.4% thereafter
Mortality Table	CPM2014 Private, adjusted with generational projection	1994 UPM with generational projection
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.5 per cent and discount rate of 2.3 per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.5%	1.5%	3.3%	1.3%
(Decrease) / Increase in Obligation	(3.6%)	3.8%	(9.6%)	11.1%

* A change in the inflation rate has a corresponding change in the other economic assumptions of 1.0 per cent.

The net loss due to the change in assumptions is due to the change in the discount rate from 5.5 per cent for 1 year and 3.4 per cent thereafter to 2.3 per cent and the change in the mortality assumption. The net experience gain is primarily due to indexing at April 1, 2015 being less than expected and other plan experience.

6. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in the current year was 0.92 per cent (2014 – 1.02 per cent).

7. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act,* all contributions received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions, superannuation allowances and refunds and transfers are recorded in these financial statements for accountability purposes.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see Note 8).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* state that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

8. Related Party Transactions

The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which were paid directly to Greystone Managed Investments Inc.

	2015 (000's)				
	PSSP Consolidated Budget	PSSF Actual	ATB Actual	STC Actual	Total Actual
Administration Costs	$1,359	$1,048	$24	$29	$1,101
Actuarial Fees	32	32	6	7	45
Investment Management Fees	9	-	-	(1)	(1)
	$1,400	$1,080	$30	$35	$1,145

	2014 (000's)				
	PSSP Consolidated Budget	PSSF Actual	ATB Actual	STC Actual	Total Actual
Administration Costs	$1,449	$1,099	$18	$36	$1,153
Actuarial Fees	11	14	2	2	18
Investment Management Fees	9	-	-	8	8
	$1,469	$1,113	$20	$46	$1,179

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the Public Service Superannuation Fund are paid out of the General Revenue Fund. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were $1,080,029 (2014 - $1,113,021). Actuarial fees for the year were $31,728 (2014 - $14,278).

9. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to their immediate or short-term nature:

a) Due from General Revenue Fund;
b) Employees' contributions receivable;
c) Employers' contributions receivable; and
d) Accounts payable and accrued liabilities.

The fair value of pension obligations cannot be readily determined, however, information about the estimated provision is provided in Note 5.

10. Investment Performance

In the prior year, the investment manager made day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviewed the investment performance of the STC Fund in terms of the performance of the benchmark portfolio over four-year rolling periods. The primary long-term investment performance objective for the entire portfolio was to outperform a benchmark portfolio.

The following is a summary of the STC Fund's investment performance:

	2015	2014	Rolling Four-year Average Annual Return
Fund's Actual Rate of Return (a)	-	1.08%	-
Fund's Benchmark (b)	-	1.00%	-

(a) The annual returns were before deducting investment expenses.

(b) The Fund's benchmark for its investment portfolio was calculated using the actual returns of the following indices: The Standard & Poors (S&P) / Toronto Stock Exchange Capped Composite Index, the S&P 500 (Canadian dollars) Index, the Morgan Stanley Capital International Europe, Australasia and Far East Index (Canadian dollars), the DEX Universe Bond Index, and the DEX 91-Day Treasury Bill Index.

11. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk and liquidity risk.

Significant financial risks were related to the STC Fund's investments. These financial risks were managed by having an investment policy, which was approved annually by the Board. The investment policy provides guidelines to the STC Fund's investment managers for the asset mix of the portfolio regarding quality and quantity of fixed income investments. The Board reviewed regular compliance reports from its investment manager and custodian as to their compliance with the investment policy. The Board also reviewed regular compliance reports from its custodian as to the investment manager's compliance with the investment policy.

The Plan no longer had investments as at March 31, 2015.

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable and fixed income investments. The maximum credit risk to which it is exposed at March 31, 2015 is limited to the carrying value of the financial assets summarized as follows:

	2015 Carrying value ($000's)	2014 Carrying value ($000's)
Employees' Contributions Receivable	$ 9	$ 4
Employers' Contributions Receivable	-	1
Due from General Revenue Fund	6	8
Deficiency Contribution due from GRF	30	228
Fixed Income Investments[1]	-	1,223

[1] Includes money market pooled funds.

Employee and employer contributions receivable are generally received in less than 30 days.

Credit risks within investments were primarily related to the money market pooled fund. It was managed through the investment policy that limits fixed-term investments to those of high credit quality (minimum rating for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Liquidity Risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

12. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 5. The expected net cash flows are based on actual dollar forecasts unadjusted for inflation. The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2044.

Year	Cash Inflows ($000's)	Cash Outflows ($000's)	Cash Required ($000's)
2015-2016	$ 9	$ 135,230	$ 135,221
2016-2017	3	132,777	132,774
2017-2018	-	130,130	130,130
2018-2019	-	127,484	127,484
2019-2020	-	124,503	124,503
Total within 5 years	$ 12	$ 650,124	$ 650,112
Total 5 - 10 years	$ -	$ 579,955	$ 579,955
Total 11 - 30 years	$ -	$1,598,846	$1,598,846

The estimated net cash outflows for the AntiTB Fund for the next five years is $1.4 million, for the next 10 years $2.2 million and for the next 30 years $3.0 million. The estimated net cash outflows for the STC Fund for the next five years is $9.2 million, for the next 10 years $17.2 million, and for the next 30 years $34.7 million.

13. Details of contributions, refunds and transfers

During the year, contributions were as follows:

	2015 (000's)	2014 (000's)
Required employees' contributions	$ 142	$ 210
Employees' past service contributions	-	(2)
Required employers' contributions (current service)	4	52
Total (Statement 2)	$ 146	$ 260

During the year, refunds and transfers were as follows:

	2015 (000's)	2014 (000's)
Termination refunds	$ 249	$ 196
Death benefits	127	(38)
Marital Breakdowns	-	487
Adjustments	-	(431)
Total (Statement 2)	$ 376	$ 214

**Adjustments relate to the reversal of previously estimated marital breakdown amounts and termination refund amounts. They are deemed no longer payable as they did not occur.*